

FTSE RAFI World Corporate Investment-Grade Bond Index

Credit | Multi-Currency

The FTSE RAFI World Corporate Investment-Grade Bond Index weights a company's debt according to fundamental measures of the company's debt service capacity rather than solely on the amount of debt outstanding, providing an alternative approach to investable fixed income indices.

For the FTSE RAFI World Corporate Investment-Grade Bond Index, cash flow and long-term assets have been chosen as the basis for the fundamental size of a company's debt service capacity.

Cash flow is a direct measure of the funds available to service debt. Long-term assets are a measure of the value supporting the contingent claim underlying the long term debt issues. Relative to market value weighted indices, cash flow weighting generally tilts an index toward higher debt coverage, and long-term assets weighting lowers an index's aggregate leverage.

INDEX PROFILE

FTSE RAFI World Corporate Investment-Grade Bond Index

Theoretical Market Cap Equivalent¹

Description	# of Issues	Market Weight (%)	Average Coupon (%)	Average Life (Years)	Yield to Maturity (%)	Effective Duration	Description	# of Issues	Market Weight (%)	Average Coupon (%)	Average Life (Years)	Yield to Maturity (%)	Effective Duration
Index	7,079	100.00	3.25	8.77	2.10	6.73	Index	8,269	100.00	3.33	9.02	2.13	6.88
1-3 yrs	1,557	22.76	2.82	2.02	1.60	1.91	1-3 yrs	1,860	21.08	2.88	2.01	1.50	1.89
3-5 yrs	1,495	20.87	2.86	3.98	1.61	3.65	3-5 yrs	1,819	20.32	2.82	3.99	1.57	3.67
5-7 yrs	1,118	15.72	2.84	6.05	1.77	5.40	5-7 yrs	1,330	15.79	2.94	6.03	1.81	5.38
7-10 yrs	1,214	15.97	3.12	8.38	2.10	7.26	7-10 yrs	1,414	16.89	3.19	8.39	2.15	7.25
10+ yrs	1,695	24.67	4.44	22.79	3.16	14.29	10+ yrs	1,846	25.92	4.57	22.56	3.27	14.13
Industrial	4,070	61.23	3.22	9.34	2.12	7.12	Industrial	4,336	51.55	3.41	10.09	2.31	7.49
Utility	973	11.11	3.62	11.45	2.05	8.41	Utility	1,084	12.45	3.57	11.69	1.97	8.60
Finance	2,036	27.66	3.17	6.53	2.07	5.20	Finance	2,849	36.00	3.12	6.65	1.93	5.42
AUD	192	1.05	3.63	4.00	1.86	3.64	AUD	264	0.67	3.80	4.45	1.91	4.01
EUR	2,119	28.52	1.82	5.64	0.38	5.27	EUR	2,707	30.18	1.85	5.60	0.41	5.24
JPY	15	0.14	0.69	7.63	0.41	7.31	JPY	19	0.16	0.78	6.93	0.41	6.62
GBP	340	3.54	3.99	10.04	1.89	8.07	GBP	468	4.19	4.21	12.40	2.04	9.33
USD	4,413	66.74	3.83	10.14	2.85	7.33	USD	4,811	64.80	3.98	10.49	2.95	7.52
AAA	63	2.15	3.23	14.03	2.24	10.28	AAA	79	1.40	3.27	17.73	2.24	11.80
AA	647	15.80	2.83	8.66	1.81	6.90	AA	760	9.31	2.76	8.63	1.68	6.91
A	2,696	40.21	3.05	8.89	1.94	6.91	A	3,183	38.81	3.06	8.99	1.88	7.01
BBB	3,673	41.84	3.60	8.44	2.34	6.31	BBB	4,247	50.48	3.64	8.89	2.40	6.64

¹ Theoretical Market Cap Equivalent is a theoretical index designed with the same rules and criteria as the FTSE RAFI World Corporate Investment-Grade Bond Index, but using market capitalization instead of fundamental weighting. The FTSE RAFI World Corporate Investment-Grade Bond Index is designed to screen out issuers that are susceptible to downgrade risk from the starting universe of issuers, by allocating a weight of zero. As a result, the FTSE RAFI World Corporate Investment-Grade Bond Index may have the same or a lower number of constituents compared to the Theoretical Market Cap Equivalent.

TOP 10 ISSUERS (by market weight)

Description	# of issues	Par Amount*	Market Value*	Market Weight (%)	Average Coupon (%)	Average Life (Years)	Yield to Maturity (%)	Effective Duration	OAS (bps)
APPLE INC	52	113,087.05	121,408.89	1.88	2.91	10.34	2.15	7.74	64
JPMORGAN CHASE & CO	70	74,799.06	81,825.94	1.27	3.49	8.08	2.23	6.45	90
EXXON MOBIL CORP	14	54,577.57	57,094.88	0.88	2.85	10.96	2.34	8.27	56
INDUSTRIAL & COMMERCIAL BANK	14	53,641.19	54,802.51	0.85	2.89	2.85	2.41	2.68	101
WELLS FARGO & CO	61	60,625.51	65,831.99	1.02	3.31	8.00	2.26	6.37	98
MICROSOFT CORP	37	80,234.30	90,699.01	1.41	3.32	14.70	2.32	10.49	62
AT&T INC	79	56,566.72	63,293.80	0.98	4.02	14.23	2.87	9.56	154
BERKSHIRE HATHAWAY INC	75	67,362.61	76,897.30	1.19	3.56	15.91	2.49	11.20	97
VERIZON COMMUNICATIONS INC	53	55,704.46	64,084.97	0.99	3.91	14.92	2.56	10.60	118
ROYAL DUTCH SHELL PLC	29	44,954.70	50,577.42	0.78	3.01	11.02	1.90	8.54	76

* In USD billions

RETURNS (in %)

	FTSE RAFI World Corporate Investment-Grade Bond Index									
	USD unhedged	USD hedged	EUR unhedged	EUR hedged	GBP unhedged	GBP hedged	JPY unhedged	JPY hedged	AUD unhedged	AUD hedged
Index Level	127.48	141.41	155.72	129.12	165.29	136.60	167.42	128.74	195.81	156.57
YTD*	8.87	11.22	14.15	8.77	12.51	9.78	7.24	8.79	13.64	10.45
1-year	8.44	11.67	15.54	8.31	14.76	9.70	3.18	8.37	16.34	10.81
Inception	3.29	4.73	6.08	3.47	6.93	4.25	7.11	3.43	9.37	6.16

RETURNS (in %)

	Theoretical Market Cap Equivalent									
	USD unhedged	USD hedged	EUR unhedged	EUR hedged	GBP unhedged	GBP hedged	JPY unhedged	JPY hedged	AUD unhedged	AUD hedged
Index Level	128.92	143.29	157.47	130.82	167.15	138.40	169.30	130.44	198.01	158.60
YTD*	9.21	11.77	14.52	9.31	12.87	10.32	7.58	9.33	14.00	11.00
1-year	8.37	11.86	15.46	8.50	14.68	9.88	3.12	8.56	16.26	10.99
Inception	3.44	4.91	6.24	3.65	7.09	4.43	7.27	3.61	9.54	6.34

* Not annualized

DESIGN CRITERIA & CALCULATION METHODOLOGY - KEY HIGHLIGHTS

Maturity breakdown:	A standard maturity breakdown: 1-3, 3-5, 5-7, 7-10 and 10+ is available. Other sector breakdowns are also available, such as currency, industry or credit quality.
Minimum maturity:	At least one year
Minimum issue size:	AUD: 100 million EUR: 500 million or the equivalent for non-denominated bonds GBP: 300 million JPY: 50 billion USD: 500 million
Minimum credit quality:	BBB- by S&P or Baa3 by Moody's
Weighting:	The weights of the issuers are determined once per year based on the RAFI [®] Methodology ³ . Weights are based on company fundamentals rather than solely on the amount of debt outstanding. For more information, please refer to the Weighting Methodology section of the Index Guide.
Rebalancing:	Monthly. For more information, please refer to the Monthly Reconstitution section of the Index Guide.
Reinvestment of cash flow:	At daily average of the local currency one-month Eurodeposit rate, calculated from the actual scheduled payment date of the cash flow through the end of the reporting period.
Pricing:	Refinitiv
Calculation frequency:	Daily
Settlement date:	Monthly – Settlement is on the last calendar day of the month. Daily – Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month.
Base date:	March 31, 2012
Currencies:	Australian Dollar (AUD), Euro (EUR), Japanese Yen (JPY), UK Sterling (GBP) and US Dollar (USD)

³ For more information, please refer to the Index Guide on the Web site at www.yieldbook.com/m/indices/

⁴ Please see Important Information section.

ACCESSING INDEX DATA

For more information about the FTSE RAFI Bonds Index Series, visit:

- Index Web site: <http://yieldbook.com/m/indices/>
- Research Affiliates website: www.researchaffiliates.com
- The Yield Book

VENDOR CODES

Bloomberg

- CRFWCIGU – FTSE RAFI World Corporate Investment-Grade Bond Index in USD terms

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